

# Commissioners hear abatement positions

Incentive would save Crazy Mountain Wind approx. \$1.1 million over five years

WINData, Inc., owner Marty Wilde outlines plans for the Crazy Mountain Wind project near Springdale during a tax abatement hearing Feb. 20 at the Big Timber Carnegie Public Library.



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There are still a few hurdles to jump before the Crazy Mountain Wind project can get off the ground, and the requested tax abatement is only one of them.

Marty Wilde, the 14-turbine Springdale-area wind project developer, met with the Sweet Grass County Commissioners and representatives from the Montana Department of Revenue Feb. 20 for a public hearing at the Big Timber Carnegie Library.

The purpose of the meeting was to elicit public input to help the commissioners decide whether or not to offer Wilde, of WINData, Inc., a tax abatement for the Crazy Mountain

## If you go:

The commissioners will make a final decision on the Crazy Mountain Wind tax abatement during a public meeting at 9:30 a.m. March 10 at the Sweet Grass County Annex.

## Wind project

During his presentation, Wilde said the proposed 25 megawatt project is a Community Renewable Energy Project (CREP), meaning it will be owned by Montanans and built by Montanans to benefit Montanans.

The issue with this type of renewable energy project, he said, is that all the costs must be procured up front, making it incredibly difficult

to get wind developments off the ground without assistance and support from the community.

"Small companies in Montana do not have \$58 million to invest," Wilde said.

This project already has a 25-year contract with NorthWestern Energy, who per a legislative decision, are required to purchase 15 percent of their energy from renewable sources by 2015. A portion of that must come from Montana sources, he said.

Wilde said they intend to hire Dick Anderson Construction out of Great Falls for the project — a planned two rows of seven 80-meter turbines placed 1,000 meters apart. They intend to use G.E. turbines, he said, assuming it's financially viable.

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WINData is currently looking for a declaratory ruling from the Montana Public Service Commission that would allow them to finance a portion of the project to a J.P. Morgan-type company and keep the remaining portion Montana owned and controlled. Over the life of the project, he said, they will be able to show an eventual 60 percent lifetime ownership to Montana investors.

Construction began on the Crazy Mountain Wind Project in December, Wilde added, so they could be eligible for the federal Production Tax Credit.

"We are working with the IRS to make sure we have qualified for that. That's what will drive the J.P. Morgan-type investor," he said. "In the next month or so, some of these critical path items will be put to bed and we will either have a green light or not."

The tax abatement would be an incentive to "help this little project get legs," Wilde said. "It's on a pretty tight budget for a project of this size and, like I said, we are trying to do it with as much bootstrap Montana emphasis as we can."

Sweet Grass County Attorney Pat Dringman said according to Montana code, the tax incentive would mean that for the first five years after the project is built, the project would be taxed at 50 percent of the value of the property.

Essentially, it would mean a 50 percent break for five years, then that rate would increase by 10 percent for the next five years until the full value is reached.

Kory Hofland, Montana Department of Revenue Unit Manager, said his department hadn't yet done an appraisal on the property, so it's difficult to say exactly what the abatement savings for the project might be. But according to a spreadsheet from the DOR, the initial investment cost for the project is estimated to be \$38,718,061. The difference between offering the abatement and not would then mean approximately \$1,162,000, Hofland said.

The community as a whole was split on the project, voicing both support and opposition. Sweet Grass resident Judy

Moos urged the commissioners to deny the abatement because she believes this widespread county with low population needs the project's tax money for roads, bridges and other infrastructure.

"I do not feel good about giving money to a company that is already getting federal subsidies," she said.

Rick Jarrett, the owner of the proposed Crazy Mountain Wind property, said this project represents an opportunity to diversify his income and keep his family on the ranch where they've been for five generations.

The increase in taxes paid from the project would still add to schools, roads and the health care system, he said.

"It really is a bonus to this community," Jarrett said. "If you look at this thing for a whole, I think it's a really positive thing."

Big Timber City Councilman Justin Ferguson said he recognized Jarrett's desire to boost his income, but pointed out that he doubted the five generations who have been working the ranch ever received a tax abatement and therefore opposed it.

Cindy Selensky seconded Ferguson's sentiments, adding that she is trying to start up a small business working with local ranchers, and said she would feel more comfortable with the abatement if the developers were using Sweet Grass County contractors. If they are going to bring in a big bank to invest in the project, that bank can afford to pay an extra \$1 million, she said.

"I think we need to think about where the county wants this to go," Selensky said. "This could have an impact on property values and set the stage for what might be coming next."

It's the difference between \$3 million and \$4.1 million paid in taxes, lifetime resident Steve Breck said.

"I don't think you should kill the goose that lay the golden egg," he said, pointing out that residents were adamantly opposed to Stillwater's East Boulder Mine but appreciate the taxes they pay now.

"We milk that mine to death," Breck said. "I'm for the abatement and I think the community should think more

about this kind of stuff."

Area rancher Kevin Halverson said he also supported the abatement, pointing to the decline in local businesses.

"I'm worried about our tax base," he said. "This project would add a lot of money to our coffers."

Wilde said he appreciated the comments during the hearing, and hoped this project would benefit the most number of people in the best way possible.

The "New and Expanding" tax incentive is intended to bring new businesses into counties, he said, and it is a vital part of this project.

All the money, all the equipment, everything must be available up front, Wilde said, and putting together such a large sum of money is extremely difficult.

"It is really necessary, and it is tough for small projects to get going. This is one of a number of challenges we face," he said. "Three quarters of something is better than all of nothing."

The commissioners will make a decision on the tax abatement during a public meeting at 9:30 a.m. March 10 at the Sweet Grass County Annex.

They will also consider in their deliberations a state mandated impact fee wind development projects must pay to the county. The Sweet Grass County Commissioners hosted a discussion Feb. 3 to determine its philosophy for project impact fees, choosing to follow state recommendations.

Montana Code Annotated 15-24-3004 states that an owner or operator of a wind generation facility used for commercial purpose is subject to an initial local government and local school impact fee for the first three years after construction begins. That fee must not exceed .5 percent of the costs of constructing the wind generation facility annually.

The impact fee does not cover encroachments or other road-related costs the company may incur, only the costs the county has to maintain current county roads affected by the construction.

The commissioners have yet to make a decision on the impact fee for the Crazy Mountain Wind Project.